



MCCRORY STORES CORPORATION

Annual Report

1950



Directors

RANDOLPH CATLIN

R. F. COPPEDGE

A. J. FINK

FRANK J. HUMPHREY

N. BAXTER JACKSON

ROBERT W. JAMESON

HARRY O. LATHAM

WILLIAM L. LESS

F. W. PAUL

LEONARD SPANGENBERG

EUGENE W. STETSON

Executive Committee

ROBERT W. JAMESON, *Chairman*

R. F. COPPEDGE

A. J. FINK

FRANK J. HUMPHREY

EUGENE W. STETSON

LEONARD SPANGENBERG

Officers

R. F. COPPEDGE, *Chairman of the Board of Directors*

F. W. PAUL *President*

G. C. CHAMBERS *Vice President*

R. A. VROOM *Vice President*

M. O. HILL *Vice President*

T. C. LAWRENCE *Financial Vice Pres. & Secretary-Treasurer*

H. H. BOSCH *Comptroller*

General Counsel *Sullivan & Cromwell, New York, N. Y.*

Auditors *S. D. Leidesdorf & Co., New York, N. Y.*

Transfer Agent *Guaranty Trust Company of New York*

Registrar

Common Stock *Bankers Trust Company, New York, N. Y.*

Preferred Stock *Chemical Bank & Trust Company, New York, N. Y.*

General Office *1107 Broadway, New York, N. Y.*

**DIRECTORS
AND
OFFICERS**

February 15, 1951

TO THE STOCKHOLDERS:

The financial statements of McCrory Stores Corporation for the year 1950 are submitted herewith, together with other financial information covering the past ten years.

Sales for the year 1950 were \$98,665,602 and exceeded the sales for 1949 by 3%. The Company continued its policy of making available to its customers only that merchandise normally found in a variety store. It therefore did not participate in the consumer demand for domestic items such as stoves, refrigerators, deep-freezers, furniture etc., stimulated by the Korean activities.

Net Profits for 1950, despite a heavier Federal Income Tax were higher than 1949. The earnings of \$5,265,180 were equal after preferred dividends to \$4.43 per share of common stock as compared with \$4.05 per share in 1949. Federal taxes on income in 1950 amounted to \$3,540,000 an increase of \$785,000 over 1949, of the 1950 total, excess profit tax does not exceed \$15,000.

The Company has continued to pay out a large portion of its earnings in dividends. In addition to regular 50-cent quarterly dividends on the common stock, an extra dividend of 50 cents was paid in March and a year-end dividend of 25 cents was paid in December, making the total disbursement for the year \$2.75 per share as compared with \$2.50 per share in 1949.

During the year the Company sold one of its store properties to the Trustee of the McCrory Stores Corporation Employees' Retirement Plan and leased the property from the Trustee for a term of 37 years, with options for renewal at expiration of the lease period. The selling price of the property was determined by independent appraisal and the resulting profit amounting to approximately \$216,000 has been included in the Statement of Income and Earned Surplus under "Other Income".

Capital expenditures during 1950 amounted to \$2,900,000. A

**McCRORY
STORES
CORPORATION**

large portion of this amount was expended at Canton, Ohio and Indianapolis, Indiana. The Canton store was completely rebuilt with a basement sales floor, which doubled the available sales space. Eight stores were remodelled and enlarged. Four new stores were opened during the year, Kingsport, Tenn. and Bay Shore, L. I. being opened in the early part of the year and Union, N. J. and Gulfport, Miss. in the latter part of the year. One store where the lease expired was closed at the year-end. At this time, due to various building restrictions, it is impossible to state with any degree of correctness the extent of the 1951 building program.

Working capital at the end of 1950 amounted to \$15,951,695 and compares with \$11,999,556 at the end of 1945. From the summary below it can be seen that over the past five years the Company has disbursed the greater portion of its available funds in dividends and in additions to its plant and equipment, the funds retained being needed to finance the expanding inventory required by the added volume of sales and by increased cost of merchandise.

WORKING CAPITAL SUMMARY

For the five years ended December 31, 1950

ADDITIONS TO WORKING CAPITAL

| | | |
|--|------------------|--------------|
| Net Income (Adjusted) | \$27,310,000 | |
| Sale of Common Stock, 1946 (net of expenses) | 1,843,000 | |
| Amortization and depreciation | <u>4,152,000</u> | |
| | | \$33,305,000 |

DEDUCTIONS FROM WORKING CAPITAL

| | | |
|--|-------------------|---------------------|
| Cash dividends on Preferred and Common Stock | 15,526,000 | |
| Expenditures for new and remodelled stores, etc.—Net | <u>13,827,000</u> | 29,353,000 |
| NET INCREASE IN WORKING CAPITAL | | <u>\$ 3,952,000</u> |

In closing it is once more my privilege to express for the Board of Directors their appreciation and gratitude for the continued loyal support of the Company's employees, customers and stockholders.

BY ORDER OF THE BOARD OF DIRECTORS

R. F. Coppedge

R. F. COPPEDGE, *Chairman*

**REPORT
TO
STOCKHOLDERS**

Ten Year Comparison

SALES AND PROFITS

| | <i>Number of Stores</i> | <i>Net Sales</i> | <i>Income before Federal Taxes</i> | <i>Income after Federal Taxes on Income</i> | <i>Per Share of Common Stock</i> | | |
|------|---------------------------------|----------------------|--|---|----------------------------------|-----------------------|------------------|
| | | | | | <i>Income Taxes</i> | <i>Net Income</i> | <i>Dividends</i> |
| 1950 | 205 | 98,665,602 | 8,805,180 | 5,265,180 | 3.10 | 4.43 | 2.75 |
| 1949 | 201 | 95,767,297 | 7,586,191 | 4,831,191 | 2.42 | 4.05 | 2.50 |
| 1948 | 202 | 97,588,160 | 8,688,740 | 5,488,740 | 2.81 | 4.63 | 2.80 |
| 1947 | 199 | 91,225,698 | 10,052,812 | 6,302,812 | 3.29 | 5.34 | 2.65 |
| 1946 | 199 | 84,509,508 | 10,537,776 | 6,537,776 | 3.51 | 5.55 | 2.00 |
| 1945 | 199 | 71,282,195 | 8,282,254 | 2,372,254 | 5.70 | 2.00 | 1.00 |
| 1944 | 203 | 71,324,436 | 8,182,804 | 2,182,804 | 6.06 | 1.90 | 1.00 |
| 1943 | 201 | 67,351,104 | 6,363,542 | 2,288,542 | 4.11 | 2.01 | 1.00 |
| 1942 | 202 | 62,613,293 | 6,184,753 | 2,184,753 | 4.04 | 1.90 | 1.00 |
| 1941 | 202 | 53,013,016 | 4,399,094 | 2,522,594 | 1.90 | 2.24 | 1.25 |

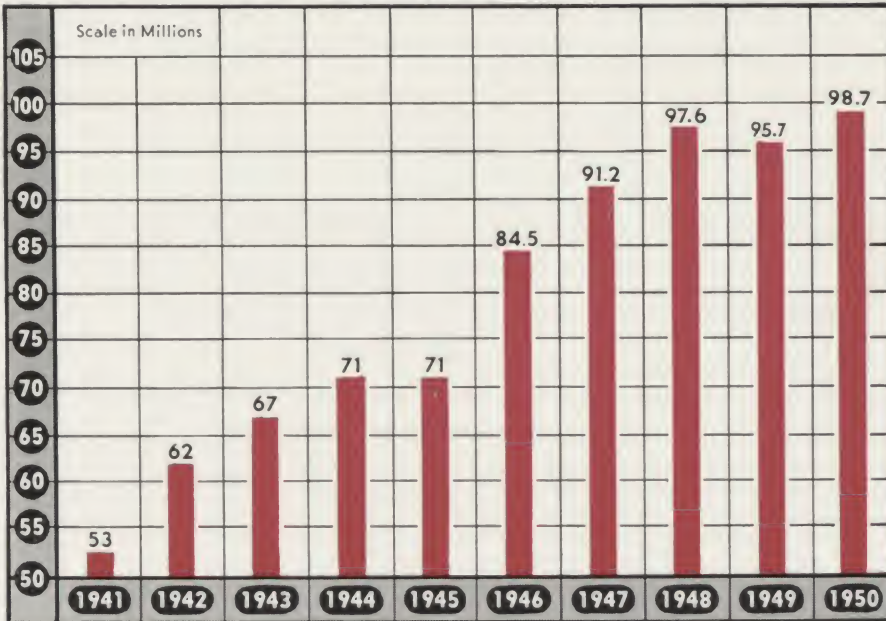
BALANCE SHEET INFORMATION

| | <i>CURRENT</i> | | <i>Net Working Capital</i> | <i>Net Fixed Assets</i> | <i>Per Share of Common Stock</i> | |
|------|----------------|--------------------|------------------------------------|---------------------------------|--------------------------------------|----------------------|
| | <i>Assets</i> | <i>Liabilities</i> | | | <i>Working Capital</i> | <i>Net Worth</i> |
| 1950 | 24,416,816 | 8,465,121 | 15,951,695 | 19,800,137 | 13.99 | 26.94 |
| 1949 | 22,331,504 | 6,754,616 | 15,576,888 | 18,315,879 | 13.66 | 25.26 |
| 1948 | 23,687,945 | 6,782,548 | 16,905,397 | 14,983,021 | 14.83 | 23.71 |
| 1947 | 27,100,690 | 9,098,099 | 18,002,591 | 11,809,483 | 15.79 | 21.88 |
| 1946 | 24,004,068 | 6,810,585 | 17,193,483 | 10,744,300 | 15.08 | 20.16 |
| 1945 | 19,516,530 | 7,516,974 | 11,999,556 | 10,285,770 | 11.57 | 16.48 |
| 1944 | 19,403,172 | 8,012,208 | 11,390,964 | 10,849,283 | 11.50 | 15.06 |
| 1943 | 18,543,282 | 7,858,453 | 10,684,829 | 11,293,066 | 10.79 | 14.15 |
| 1942 | 18,475,795 | 8,713,568 | 9,762,227 | 11,915,988 | 9.86 | 13.15 |
| 1941 | 14,521,890 | 5,919,016 | 8,602,874 | 12,101,263 | 8.69 | 12.05 |

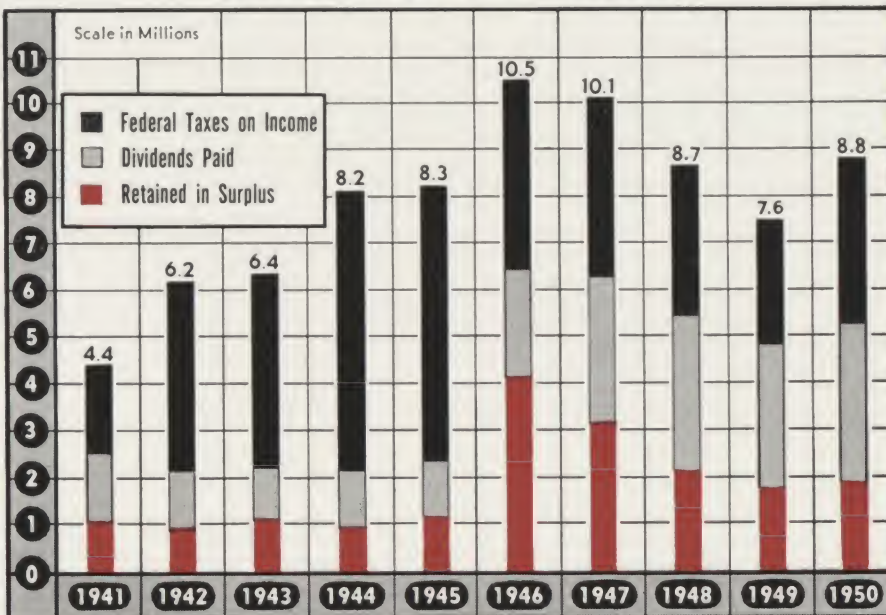
**McCRORY
STORES
CORPORATION**

Graphic Picture of Sales & Profits

ANNUAL SALES



DISPOSITION OF INCOME



**SALES
AND
PROFITS**

**TO THE BOARD OF DIRECTORS
McCRORY STORES CORPORATION
NEW YORK, N. Y.**

We have examined the balance sheet of McCrory Stores Corporation (Delaware Corporation) as at December 31, 1950 and the related statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination of the merchandise inventories included a general review of the inventory records, tests to determine the mathematical accuracy of the inventory schedules and physical tests of the quantities included in the warehouse inventories. We reviewed the method of store inventory taking as outlined in the inventory instructions issued by the management, and had our representatives present at certain stores, selected by us, for the purpose of satisfying ourselves that the inventory instructions were carried out effectively. At such stores, tests were made of quantities and retail prices which were checked to the merchandising records used as a basis for the retail method of inventory valuation.

In our opinion, the accompanying balance sheet and statement of income and earned surplus, together with the notes to financial statements, present fairly the financial position of McCrory Stores Corporation (Delaware Corporation) at December 31, 1950, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

Certified Public Accountants

New York, N. Y. February 15, 1951.

**ACCOUNTANTS'
REPORT**

Statement of Income and Earned Surplus

For the Year Ended December 31, 1950

SALES (merchandise, restaurant and concession) \$98,665,601.99

Cost of goods sold and operating expenses
including occupancy and general and
administrative expenses 89,070,973.30
9,594,628.69

OTHER INCOME:

Income from sale of store property \$ 215,789.85

Miscellaneous income, less other
deductions 125,556.46 341,346.31

Net income before depreciation, amortiza-
tion and Federal taxes on income 9,935,975.00

Depreciation and amortization 1,130,795.01

Net income before Federal taxes on income 8,805,179.99

Provision for Federal taxes on income (in-
cluding \$15,000 of excess profits tax) 3,540,000.00

NET INCOME 5,265,179.99

Earned Surplus (since January 1, 1936):

Balance as at December 31, 1949 19,948,007.17
25,213,187.16

Dividends paid on:

Common Stock—\$2.75 per share 3,135,662.75

Preferred Stock 210,000.00 3,345,662.75

EARNED SURPLUS—Balance as at Dec. 31, 1950—Note D. \$21,867,524.41

The Notes to Financial Statements are an integral part of this statement and should be read in conjunction herewith.

McCRORY
STORES
CORPORATION

McCrorry Stores

(Delaware Corporation)

BALANCE SHEET as of December 31, 1936

ASSETS

CURRENT ASSETS:

| | |
|---|----------------------|
| Cash on hand, in banks and in transit | \$ 7,642,201.86 |
| U. S. Government obligations—at par | 1,000,000.00 |
| Merchandise inventories at stores and warehouses—Note A | \$13,609,338.43 |
| Merchandise in transit—at cost | 2,069,048.26 |
| Miscellaneous accounts receivable, less reserve | 96,227.29 |
| Total Current Assets | <u>24,416,815.84</u> |

FIXED ASSETS:

| | |
|--|----------------------|
| Real estate, at adjusted value Dec. 31, 1936 and subsequent additions at cost | 6,196,008.32 |
| Less: Reserve for depreciation | 1,536,241.12 |
| | 4,659,767.20 |
| Furniture and fixtures, equipment and utensils, at cost | 9,967,392.86 |
| Less: Reserve for depreciation | 3,783,214.54 |
| | 6,184,178.32 |
| Improvements to leased property, at adjusted value Jan. 1, 1936 and subsequent additions at cost | 12,602,068.60 |
| Less: Reserve for amortization | 3,645,876.65 |
| | 8,956,191.95 |
| Total Fixed Assets | <u>19,800,137.47</u> |

DEFERRED CHARGES:

| | |
|---|------------------------|
| Prepaid rents, insurance, taxes, store supplies, etc. | 968,974.75 |
| | <u>\$45,185,928.06</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE A—

Merchandise at Stores:

| | |
|--|------------------------|
| Inventories at the lower of cost or market based upon the retail method of inventory valuation | \$12,307,114.53 |
| Inventories at cost—Restaurants | 113,643.95 |
| Merchandise at Warehouses—at cost | 1,188,579.95 |
| | <u>\$13,609,338.43</u> |

Cost of goods sold for the current year has been determined on the basis of inventories established as outlined above.

NOTE B—

The 3½% Cumulative Convertible Preferred Stock is redeemable at the option of the Corporation in whole or in part, at \$104.50 per share to January 1, 1952, and thereafter at \$104.00 per share, plus in each case accrued dividends to date of redemption, and in the event of voluntary liquidation, is entitled to receive an amount equal to the then redemption price and in the event of involuntary liquidation is entitled to \$100.00 per share and accrued dividends.

**McCRORY
STORES
CORPORATION**

es Corporation

corporation)

December 31, 1950

LIABILITIES

CURRENT LIABILITIES:

| | | |
|--|---------------------|---------------------|
| Accounts payable—including merchandise in transit | \$ 3,278,386.63 | |
| Accrued expenses, taxes, rents, salaries, officers' and employees' bonus, etc. | | 3,505,764.87 |
| Reserve for Federal taxes on income | \$ 3,680,969.40 | |
| Less: U. S. Treasury Notes | <u>2,000,000.00</u> | <u>1,680,969.40</u> |
| Total Current Liabilities | | <u>8,465,120.90</u> |

CAPITAL STOCK AND SURPLUS:

Preferred Stock —

Par value \$100.00 per share:

| | | |
|-----------------------------------|---------------|--------------|
| Authorized | 80,000 shares | |
| 3½% Series—Cumulative Convertible | | |
| Issued and outstanding | 60,000 shares | |
| —Note B | | 6,000,000.00 |

Common Stock—Par value \$1.00 per share—Note C

| | | |
|------------------------|------------------|--------------|
| Authorized | 1,400,000 shares | |
| Issued and outstanding | 1,140,241 shares | 1,140,241.00 |

Capital Surplus

(no change during year)—Note D 7,713,041.75

Earned Surplus (since January 1, 1936)

| | | |
|---------|----------------------|------------------------|
| —Note D | <u>21,867,524.41</u> | <u>36,720,807.16</u> |
| | | <u>\$45,185,928.06</u> |

IAL STATEMENTS

NOTE C—

Of the total of 1,400,000 shares of Common Stock authorized, 150,000 shares are reserved for issuance upon conversion of the 3½% Cumulative Convertible Preferred Stock.

NOTE D—

Pursuant to certain restrictions in connection with the authorization of 3½% Cumulative Convertible Preferred Stock, Capital and Earned Surplus as at December 31, 1950 in the approximate amount of \$15,900,000 is not available for dividends on the Common Stock.

GENERAL—

At December 31, 1950 the minimum annual rentals upon property leased to the Corporation under 266 leases expiring after December 31, 1953, amount to approximately \$3,050,000.00, plus real estate taxes, insurance, etc.

The accompanying financial statements are subject to the final determination of Federal and State taxes.

1950
BALANCE
SHEET



NEW CANTON, OHIO STORE OPENED DECEMBER 4, 1950



CANTON
OHIO
STORE



INTERIOR VIEWS OF NEW CANTON STORE



**CANTON
OHIO
STORE**



**GULFPORT
MISSISSIPPI
STORE**



NEW KINGSFORT, TENNESSEE STORE OPENED MARCH 11, 1950



**KINGSFORT
TENNESSEE
STORE**

205 McCRORY STORES...

Alabama (2)

Enfauila
Mobile

Arkansas (3)

†Eldorado
Fort Smith
Jonesboro

Connecticut (1)

Danbury

Delaware (1)

Dover

Dist. of Col. (1)

Washington

Florida (37)

Arcadia
Bartow
Bradenton
Clearwater
Daytona Beach
128 S. Beach St.
814 Main St.

Deland

Fort Lauderdale

Fort Myers

Fort Pierce

Gainesville

Homestead

Jacksonville

Kissimmee

Lake City

Lakeland

Leesburg

Live Oak

Melbourne

Miami

Miami Beach

New Smyrna

Ocala

Orlando

Palatka

Panama City

Fla. (cont.)

Plant City
Punta Gorda
Quincy
Sanford
Sarasota
St. Augustine
St. Petersburg
Tallahassee
Wauchula
West Palm Beach
Winter Haven

Georgia (8)

Atlanta
Bainbridge
Columbus
Cordele
Savannah
Tifton
Valdosta
Waycross

Indiana (3)

Anderson
Indianapolis
Terre Haute

Kentucky (2)

Louisville
†Lexington

Louisiana (3)

Lafayette
New Orleans
1626 Dryades St.
1005 Canal St.

Maryland (8)

Baltimore
Cambridge
Crisfield
Cumberland
Easton
Frederick
Hagerstown
Salisbury

Massachusetts (2)

New Bedford
1115 Acushnet Ave.
1009 S. Water St.

Mississippi (3)

Gulfport
Jackson
McComb

Missouri (1)

St. Louis

New Jersey (12)

Asbury Park
Atlantic City
Burlington
Camden
†Clifton
Jersey City
Newark
Orange
Passaic
Perth Amboy
Rahway
Union

New York (8)

Bay Shore, L. I.
Brooklyn
Johnson City
Long Island City
New York City
Niagara Falls
Reno Park
Syracuse

North Carolina (5)

Dunn
Fayetteville
†Fort Bragg
Roanoke Rapids
Tarboro

Ohio (9)

Canton

**McCRORY
STORES
CORPORATION**

... IN TWENTY-THREE STATES*

Ohio (cont.)

Cleveland
Dayton
East Liverpool
Hamilton
Kent
Springfield
Steubenville
Youngstown

Pennsylvania (56)

Allentown
Altoona
Barnesboro
Bethlehem
Bradford
Bristol
Brookville
Canonsburg
Carlisle
Carnegie
Chambersburg
Charleroi
Chester
Clearfield
Connellsville
Cresson
Donora
DuBois
Ebensburg
Emporium
Franklin
Greensburg
Hanover
Homestead
Huntingdon
Indiana
Johnstown
Kane
Lancaster
Lebanon
Lewistown

Pa. (cont.)

Monongahela
Mt. Pleasant
Patton
Philadelphia
1205 Market St.
919 Market St.
Philipsburg
Pittsburgh
105 E. Ohio St.
314 Fifth Avenue
Portage
Pottstown
Punxsutawney
Reading
Reynoldsville
Ridgway
Scottdale
Scranton
Somerset
South Fork
Tyrone
Vandergrift
Waynesboro
Waynesburg
Wilkes-Barre
Windber
York

South Carolina (8)

Aiken
Chester
Columbia
Gaffney
Georgetown
Greenwood
Newberry
Rock Hill

Tennessee (4)

Bristol
Kingsport

Tenn. (cont.)

Morristown
Oak Ridge

Texas (14)

Big Spring
Corpus Christi
Denton
Fort Worth
Galveston
Hillsboro
McAllen
Nacondoches
Palostine
San Antonio
Taylor
Terrell
Waco
Wichita Falls

Virginia (7)

Cape Charles
Charlottesville
Front Royal
Harrisonburg
Pulaski
Staunton
Winchester

West Virginia (11)

Charleston
Clarksburg
Fairmont
Grantou
Huntington
Mannington
Martinsburg
Morgantown
New Martinsville
Parkersburg
Wheeling

*And the District of Columbia.

†Stores contemplated or under construction.

Stockrooms at New York, N. Y. and Huntingdon, Pa.

205
McCRORY STORES
IN
23 STATES*



**McCRORY
STORES
CORPORATION**



